

Message Text

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ACTION EB-08

INFO OCT-01 AF-10 EUR-12 EA-10 NEA-11 ISO-00 SP-02
ICA-11 AID-05 NSC-05 TRSE-00 SS-15 STR-07 OMB-01
CEA-01 CIAE-00 COME-00 FRB-03 INR-10 NSAE-00
XMB-02 OPIC-03 LAB-04 SIL-01 H-01 OIC-02 /125 W
-----058072 272227Z /21

P 272100Z JUN 78
FM AMEMBASSY OTTAWA
TO SECSTATE WASHDC PRIORITY 7887
INFO AMEMBASSY ABIDJAN
AMEMBASSY BELGRADE
AMEMBASSY BERN
AMEMBASSY BONN
AMEMBASSY BRUSSELS
AMEMBASSY COPENHAGEN
AMEMBASSY HELSINKI
AMEMBASSY LONDON
AMEMBASSY MADRID
AMEMBASSY MANILA
AMEMBASSY PARIS
AMEMBASSY ROME
AMEMBASSY STOCKHOLM
AMEMBASSY TEL AVIV
AMEMBASSY THE HAGUE
AMEMBASSY TOKYO
AMEMBASSY VIENNA

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BRUSSELS ALSO FOR USEEC

PARIS ALSO FOR USOECD

MANILA ALSO FOR USADB

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E.O. 11652:N/A
TAGS: EAID, EFIN, CA, IDB
SUBJECT: INTER-AMERICAN DEVELOPMENT BANK (IDB)
REPLENISHMENT NEGOTIATIONS.

REF: A. STATE 154116; B. STATE 154399

1. EMBOFFS DISCUSSED POLICY ISSUES RELATED TO IDB REPLENISHMENT WITH OFFICIALS AT DEPARTMENT OF FINANCE. CANADIANS GENERALLY SUPPORT U.S. VIEWS, BUT RAISED QUESTION OF HOW DEFINITIVE A SOLUTION TO THESE ISSUES U.S. WOULD EXPECT BEFORE PROCEEDING WITH REPLENISHMENT NEGOTIATIONS PER SE. IN PARTICULAR, GOC ASKED WHETHER WE WOULD BE SATISFIED FOR TIME BEING WITH AGREEMENT IN PRINCIPLE TO RESOLVE SOME ISSUES ALONG LINES FAVORED BY U.S.

2. CANADIANS HAD FOLLOWING COMMENTS ON SPECIFIC POINTS RAISED REFTELS:

(A) COUNTRY CLASSIFICATION: IN GOC VIEW, COUNTRY CLASSIFICATION SYSTEM SHOULD BE EXTENDED BEYOND FSO LENDING TO COVER LENDING FROM ORDINARY/INTER-REGIONAL CAPITAL (OCIC). CONTROLS OVER ACCESS TO OCIC MIGHT BE APPROPRIATE, INCLUDING CEILING ON "A" COUNTRIES' BORROWING SHARE. MOREOVER, THERE SHOULD BE A WAY OF ENSURING THAT CAPITAL PORTION OF SOCIAL PROGRAMS IS FUNDED FROM OCIC RATHER THAN FROM FSO.

(B) REACHING THE POOR: NOTING THAT 60 PERCENT OF THE POOR IN LATIN AMERICA ARE IN RELATIVELY DEVELOPED COUNTRIES, GOC FELT THAT FSO LENDING SHOULD POSSIBLY FOCUS ON "TARGET GROUPS" RATHER THAN ON PARTICULAR COUNTRIES. THIS WOULD IMPLY THAT "A" COUNTRIES BE GIVEN ACCESS TO FSO LOANS.

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(C) CONVERTIBILITY: CANADIANS AGREE THAT MORE EFFICIENT USE OF BANKS RESOURCES REQUIRES GREATER INFUSION OF CONVERTIBLE CURRENCIES. MAIN QUESTION IS HOW MUCH AND FROM WHOM. OFFICIALS ALSO UNDERLINED MOUNTING PILE OF NATIONAL CURRENCIES IN IDB AND SUGGESTED CONSIDERATION OF A PARTIAL CONVERTIBILITY SCHEME FOR CURRENCIES OF "A" COUNTRIES. GOC ADDED THAT GREAT "A" COUNTRY RESISTANCE TO SUCH A SCHEME COULD BE EXPECTED.

(D) COUNTRY PERFORMANCE: GOC SUGGESTED MODIFICATION OF U.S. PROPOSAL (PARA 6, REF A) THAT IDB TAKE INTO ACCOUNT IN ITS LENDING THE RECIPIENT COUNTRIES' EFFORTS TO MEET THEIR DEVELOPMENT GOALS. IN CANADIAN VIEW, ONUS OF ENSURING CONSISTENCY BETWEEN IDB LENDING AND COUNTRY DEVELOPMENT PROGRAMS SHOULD BE ON BANK, NOT COUNTRIES.

3. CANADIANS WILL SET OUT DETAILS OF ABOVE POSITIONS AT BILATERAL DISCUSSIONS WITH U.S. TO BE HELD IN ADVANCE OF REPLENISHMENT MEETING.

4. CANADIAN DELEGATION WILL BE LED BY M. CARLSON, ACTING VICE PRESIDENT FOR MULTILATERAL PROGRAMS, CIDA. DELEGATION WILL INCLUDE REPRESENTATIVES FROM DEPARTMENT OF FINANCE.

ENDERS

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: DEVELOPMENT BANKS, BANKS, NEGOTIATIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 27 jun 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978OTTAWA03238
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Document Unique ID: 00
Drafter: n/a
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Executive Order: N/A
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Film Number: D780266-0874
Format: TEL
From: OTTAWA
Handling Restrictions: n/a
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ISecure: 1
Legacy Key: link1978/newtext/t19780616/aaaaanqf.tel
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Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
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Original Handling Restrictions: n/a
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Previous Handling Restrictions: n/a
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Review Content Flags:
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Review Markings:
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